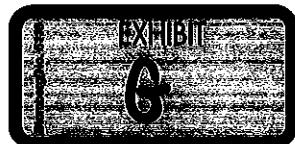


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION

COPY

The deposition upon oral examination of VALERIE
LOFTIN, being taken pursuant to Order and in accordance
with the Federal Rules of Civil Procedure before Rebecca J.
Huddy, Notary Public, at the Stratis Business Center, 7800
Airport Center Drive, Greensboro, North Carolina, on the
6th day of May, 2004, beginning at 11:00 a.m.



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1 later.

2 MR. ELLIS: Whatever.

3 Q. Are there any other reinsurers on the block of
4 business other than Employers Reinsurance?

5 A. Not on the Jefferson-Pilot Life block, no.

6 Q. Has there been any change or shift in policies that --
7 or claims that are referred to DMS, meaning are they
8 now getting more claims than just those that exceed
9 \$2,000 a month in liability?

10 A. Yes.

11 O. Okay. Do they get all the claims at this point?

12 A. They get all of the claims that are reinsured through
13 ERC.

14 Q. That was at the direction of Employers Reinsurance?

15 A. It was at my direction and with agreement from
16 Employers Reinsurance.

17 Q. Is that in writing?

18 A. No.

19 Q. Have you received any letters, notes, e-mails from
20 your contact at Employers Reinsurance about DMS and
21 their work?

22 A. From Employers Reinsurance?

23 9. Uh-huh

24 A No

25 Q. All of your communications between you and Employers

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1 Reinsurance reps who you interact with concerning DMS
2 are verbal?

3 A. I believe so, yes.

4 Q. Who are your contacts at Employers Reinsurance?

5 A. The general counsel is a gentleman named Bill Dempsey.

6 Q. Okay. Is that it? He's the only person you interact
7 with?

8 A. Uh-huh.

9 Q. How long have you been interacting with Mr. Dempsey?

10 A. Since I became Vice President of Claims in 2002.

11 Q. Prior to your talking on that role in 2002, you had no
12 interaction with him at all?

13 A. No, I did not.

14 Q. And in your two years with him, you have never
15 exchanged any written document of any sort, including
16 e-mails?

17 A. About the handling of a claim?

18 Q. Relating to DMS.

19 A. No.

20 Q. I asked you a negative question, you gave me a
21 negative response. As a lawyer, you know what that
22 looks like.

23 A. I have not e-mailed Bill Dempsey regarding the DMS
24 relationship, to my knowledge. I have had telephone
25 conversations with him and I have exchanged e-mails